



DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:
CEPR-P (715)

06 MAR 2002

MEMORANDUM FOR COMMANDERS/DIRECTORS, ALL USACE COMMANDS
ATTN: DIRECTORS/CHIEFS OF CONTRACTING

SUBJECT: PARC Instruction Letter (PIL) 2002-6, Class Deviation from Army Federal Acquisition Regulation Supplement (AFARS) Part 5137.1 for Civil Works Operation and Maintenance (O&M) Service Procurements

1. Effective January 25, 2002, the AFARS 5137.1 - Service Contracts - General was revised to provide:

Solicitations for services must be performance based and fixed price (firm fixed price, fixed price with award fee, fixed price incentive, fixed price with economic price adjustment). Specifically excluded from this requirement are all research and development, architect-engineer, environmental remediation and restoration, emergency services acquisitions, and procurements conducted pursuant to Office of Management and Budget (OMB) Circular A-76. **Deviations (both individual and class) with supporting justification in writing may be granted by PARCs up to \$10 million, HCA's up to \$50 million, and the DASA(P&P) over \$50 million.** Copies of all approved deviations are to be provided to SAAL-PP on a quarterly basis. (Emphasis added)

2. In accordance with applicable authority contained in AFARS 4137.1, I approve a class deviation from AFARS Part 5137.1 for USACE service contracts with a dollar value not more than \$10 million (including options) that are awarded in support of the Civil Works Operation and Maintenance (O&M) mission.

3. The above class deviation is justified where it is essential that USACE utilize cost-plus-award-fee/cost-plus-incentive-fee (CPAF/CPIF) O&M service contracts for large Civil Works projects. These contracts provide USACE with the necessary flexibility to direct contractors to take early action when necessary, and when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract.

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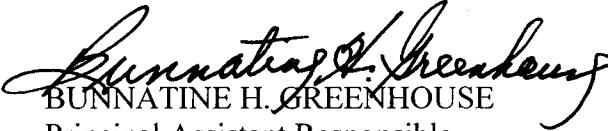
4. Be advised that our Military O&M service requirements are not included in this class deviation. You should strive to design fixed-price type as well as performance-based contract vehicles to achieve Military O&M service requirements, and also Civil Works O&M service requirements to the maximum extent practicable. However, in the event you have a Military O&M procurement that you feel must be cost-type, you must submit to the PARC, with convincing justification in the Determinations and Findings (D&F) format (FAR Subpart 1.7).

5. Contact numbers and descriptions of Civil Works O&M service contracts awarded pursuant to this class deviation will be provided to CEPR-P quarterly.

6. This PIL 2002-6 cancels and supercedes PIL 2002-1, dated 8 February 2002.

7. POC is Dave Petersen, 202-761-5451.

FOR THE COMMANDER


BUNNATINE H. GREENHOUSE
Principal Assistant Responsible
for Contracting